

Andrew Poat
Director

Brent Eidson
Assistant Director

Alejandra Gavaldón
Assistant Deputy
Director

Elsa Saxod
Office of Binational
Affairs

***Governmental Relations Department
City of San Diego***



To: Honorable Deputy Mayor & Members of the Committee on
Rules, Finance & Intergovernmental Relations

From: Andrew Poat
Date: October 17, 2005

Re: Information report: Infrastructure Working Group

THIS IS AN INFORMATION ONLY REPORT ASSESSING THE STATUS OF A CITY
WORKING GROUP ANALYZING INFRASTRUCTURE FINANCING ISSUES.

Background

No fewer than three separate citizen commissions have identified the importance of addressing the City's infrastructure deficits and future needs:

- Housing Task Force – including proposal for \$1 billion bond funded by parcel tax
- City of Villages – estimates \$2.5 billion in urbanized area infrastructure needs. Proposed goal of \$95 million annual funding stream – multiple funding options sited
- Blue Ribbon Commission on City Finances

On October 13, 2004, the Committee on Rules, Finance & Intergovernmental Relations directed City staff to examine issues related to infrastructure financing options – resulting in the formation of the following working group:

Andrew Poat	Convener – Director, Governmental Relations Department
Ellie Oppenheim	Deputy City Manager
Gail Goldberg	Director, Planning Department
Betsy Morris	Executive Director, San Diego Housing Commission
Ted Medina	Director, Parks & Recreation Department
Jeff Gattas	Office of the Deputy Mayor
Charlene Gabriel	Planning Department
Chris Cameron	Committee Consultant
Keith Greer	Planning Department
Penny Takade	Financial Management
Todd Phillips	San Diego Housing Commission

This report summarizes findings, preliminary recommendations and issues for further study of the working group.

Assessment: City of San Diego Infrastructure

The City establishes its infrastructure needs through a series of planning exercises generally conducted by the Planning Department:

- City of San Diego General Plan: Contains standards for community facilities - developed in consultation with most City departments
- 42 Community Plans establish facility specific goals for each neighborhood
- 42 Community Facility Financing Plans establish facility specific goals and costs for each neighborhood

The Financial Management Department assembles a Capital Improvement Plan (CIP) based upon results of the planning process. The CIP is an 11 year budget adopted annually by Council which matches facility needs with revenues projected to be available from the following sources:

- General Fund
- Special Revenue Funds: Including Developer Impact Fees (DIF) and Facility Benefit Assessment
- Enterprise Funds
- Federal, State & regional revenues: Including
- Federal, State & Regional grants

The Planning Department has nearly completed an inventory of all community plans & facilities financing plans. Conclusions reached from this review:

- New facilities identified in plans would cost roughly \$3 billion
- The average Community Plan is 16 years old – and all require updating
- Certain facilities were not included in the review – and will need separate analysis
 - Parks: Anything other than population based parks were excluded. Detail would be required for:
 - Regional parks (e.g. Balboa, Mission Bay and Mission Trails Parks)
 - Open Space areas and maintenance assessment park District
 - Multiple Species Conservation Program
 - Coastal Erosion
 - Americans with Disabilities Act
 - Transit
 - City Hall
- Significant maintenance and/or rehabilitation needs were NOT included
- There is a need to reconcile needs assessments with practical solutions (e.g. shared facility solutions, joint use sites, and alternative project design standards).

Recommendations

After an informal audit of this process, the working group has two broad recommendations:

- (1) The City could benefit from a better integrated, better funded & staffed, enterprise approach to infrastructure funding and management. The current system is one characterized by “silos” managed by each department having infrastructure responsibilities
- (2) An infrastructure bond could be a significant part of a long term strategy. Extensive and time consuming preparation would be required for issuance of such a bond – initiation of which the working group strongly recommends.

Recommended Solutions: Comprehensive City-wide Infrastructure Approach

The working group concluded that the need for an enterprise wide approach to infrastructure planning is important at several levels:

- The City is losing individuals with institutional memory
- Individual departments have identified the need to better work together for purposes of efficiency and lessened community impacts
- Funding of infrastructure requires a citywide approach
- Building infrastructure must be accompanied by broader staffing and maintenance strategies that also require city-wide strategies

The working group is unanimous in believing that an improved management structure could be devised. Issues which need to be addressed:

- Develop and maintain long term infrastructure plan & financing policy (new facilities and maintenance)
- Position San Diego projects to better leverage Federal, state and regional funding opportunities
- Coordinate decisions made by differing departments within communities
- Improve Capitol improvement Program Development & implementation

Proposed Next Steps:

1. Officially Designate the Infrastructure Technical Working Group as a standing management Committee
2. Task the Committee with auditing the City’s infrastructure planning, funding, construction, operations & maintenance processes for improvement options
 - a. Planning
 - ✓ Community focused planning and project needs reconciliation
 - ✓ Community and Financing plan updates
 - ✓ City-wide & regional facilities needs assessment
 - ✓ Engaging Communities in all relevant processes
 - ✓ Update Community Planning Group processes

- b. Funding
 - ✓ Federal
 - ✓ State
 - ✓ Regional
- c. Construction
 - ✓ Scheduling Projects within Communities
- d. Operations & Maintenance
 - ✓ Funding
- 3. Define options to better leverage San Diego's role in SANDAG, MTDB and other regional bodies to meet City infrastructure needs
- 4. Relevant Departments include:

Parks	Housing	Planning (General Plan & Facilities)
Fire	Police	Engineering & Capital Projects
Libraries	Storm Water	Community & Economic Development
Water	Metro Waste water	General Services
Environmental Services		Government Relations
General Services (Maintenance)		Financial Management
		Real Estate Assets

Action Items:

- 2007 CIP assessment:
 Goal: Evaluate FY 07 policy issues and continuous improvement goals
 Timeline: 2007 Budget Submission – March, 2006
- 2005-2006 SANDAG Issues
 Goal: Maximize City of San Diego priorities in regional programming
 Timeline:
 - ✓ FY 2007 Federal Budget Appropriations – December, 2005
 - ✓ 2006 STIP Cycle
 - ✓ 2007 Regional Transportation Plan Update
 - ✓ TransNet Project Expedite Nominations
- Creating a Citywide approach to infrastructure planning & funding
 Goal: Continuous improvement of city funding strategy
 - ✓ Planning
 - Needs Assessment
 - Priority setting
 - ✓ Funding
 - Audit all existing funding sources
 - Accounting for operations & Maintenance needs
 - CDBG
 - Allocation
 - Repayment of CDBG Allocations to Redevel?
 - CCDC \$30 m
 - SEDC \$60m
 - Other 17 project areas:
- ✓ “Strong Mayor” Transition issues

Recommended Solutions: Infrastructure Bond Options Development

San Diegans have agreed to significant infrastructure investment in recent years, most notably school bonds (Prop MM) and transportation sales tax (Proposition A - TransNet Reauthorization); the later gaining 2/3 voter support. The working group reached two conclusions:

- Props MM and A provide a clear blue print for the type of measure voters will consider:
 - Specific project list – balanced among all communities
 - Time frame within which projects will be completed
 - Citizen Oversight Provision
- The City should develop an infrastructure bond option for voter consideration

The working group believes that the project selection process must be one that includes broad public participation, using well defined criteria, including the following:

- Balanced among all communities – attention to Under-Served Communities
- Projects offering broad benefit
- Critical time sensitive Opportunities
- Supports new/creative housing opportunities
- Leverages available funds (e.g. DIF) for affordable housing projects

Among questions the working group has yet to consider include:

1. What will voters consider? Options include a “Pilot” program with relatively small amounts of funding followed by near term evaluation and subsequent rounds if voters agree that objectives have been met, or a long term plan with several voter check points
2. How much funding can we utilize efficiently?

The time line for a bond, if considered by Council:

	<u>2006</u>	<u>2008</u>
Primary		
• Rules	January 11	January 7
• Council	March 1	February 25
• Election Day	June 6	June 3
General		
• Rules	June 14	June 10
• Council	August 1	July 28
• Election Day	November 11	November 4

Proposed Next Steps:

1. Add to the duties of the Infrastructure Working Group a recommendation by March, 2006 of the following:
 - a. Financial capacity of the City to support infrastructure bonds
 - b. Staff requirements necessary to assemble infrastructure bond proposal for November, 2008 ballot
 - c. Evaluation of potential partners in a bond financing strategy, including professional associations, Public Interest Groups, and other community organizations

Conclusion

The working group appreciates the Council support for continued evaluation of this issue – and suggests further updates early in 2006.